LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
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FISCAL IMPACT STATEMENT

LS 6862
BILL NUMBER: SB 260

DATE PREPARED: Apr 13, 1999
BILL AMENDED: Apr 12, 1999

SUBJECT: Family and Social Services Matters.

FISCAL ANALYST: Alan Gossard
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FUNDS AFFECTED: **X** **GENERAL**
DEDICATED
X **FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) *Extension of FSSA:* This bill extends the current administrative structure of the Office of the Secretary of Family and Social Services (FSSA) until July 1, 2002. (Current law provides for the expiration of the administrative structure on July 1, 1999.)

The bill also requires FSSA to implement methods to facilitate the payment of providers participating in the Medicaid program and to submit a report to the Legislative Council regarding such methods before July 1, 1999.

Name Change: The bill also changes the name of the Division of Mental Health to the Division of Addiction and Mental Health Services.

Therapeutic Foster Care: This bill defines a therapeutic foster family home and a special needs foster family home. The bill establishes requirements for operating a therapeutic foster family home or a special needs foster family home, including limits on the number of children cared for and additional training for foster parents. It provides that the Division of Family and Children may grant an exception to the maximum number of children who may be cared for in a therapeutic foster home or special needs foster home in certain situations.

This bill prohibits the Division of Family and Children from removing a special needs foster child or a therapeutic foster child from a foster family home in which the child is placed before July 1, 1999, due to the home's failure to meet the new licensing requirements unless the Division determines that remaining in the home is not in the child's best interest.

Board for the Coordination of Child Care Regulation: The bill also reestablishes the Board for the Coordination of Child Care Regulation, which expired November 1, 1997, for a period beginning July 1, 1999, and ending July 1, 2001. It also requires the Board for the Coordination of Child Care Regulation to study laws governing the regulation of child care and to make recommendations to the General Assembly concerning changes in the law that the Board for the Coordination of Child Care Regulation finds appropriate.

Medicaid Lien Provisions: This bill also provides that the Office of Medicaid Policy and Planning (OMPP) has a lien against a person who is liable for damages allegedly caused by the person to another person only in the amount of the medical expenses incurred by the other person.

Effective Date: (Amended) Upon passage; July 1, 1999; March 1, 2001.

Explanation of State Expenditures: (Revised) *Extension of FSSA:* Passage of this bill will continue the administrative structure of FSSA as it currently exists in statute. Depending upon the actions of the administration, failure to pass this bill, in practice, would not necessarily have an immediate fiscal impact if the positions were able to be absorbed or reallocated under the existing appropriations.

Current salary and fringe benefit levels of the Secretary of FSSA, four assistant secretaries and three division directors total about $750,000 per year. Potential costs associated with the Family and Social Services Committee and the 3 division advisory councils would be about $20,000 per year (based on historical per diem and travel expenditures). Therefore, the total expenditures associated with the 8 administrative positions and the advisory bodies total about $770,000 per year. (If the statutory elimination of the offices were construed to include all individuals employed within the offices of FSSA, the total personnel costs associated with those positions would be significantly greater.)

FSSA is also required by the bill to determine and implement methods to facilitate the payment of providers participating in the Medicaid program. Any potential costs associated with these different payment methods would depend upon future administrative actions.

Name Change: There could be costs in changing the name on various signs, especially at the state institutions under the jurisdiction of the Division of Mental Health. The only other impact would be if the Division disposed of stationery or other forms or supplies that contained the current name of the Division and replaced the supplies before it typically would. These costs would be covered within the Division's existing budget.

Therapeutic Foster Care: This bill would establish a statutory definition of therapeutic foster family homes and special needs foster family homes. Currently, since there are no definitions in statute, each individual child placing agency has its own definition of therapeutic foster care homes as well as training requirements necessary to become a therapeutic foster care parent. It is not anticipated that the new statutory definition will create more therapeutic foster care homes or special needs foster family homes.

Board for the Coordination of Child Care Regulation: This bill also reestablishes the Board for the Coordination of Child Care Regulation until July 1, 2001. The Board is to be made up of four legislators and 13 lay members, who are to receive travel reimbursement and per diem. The current Legislative Council Resolution allows for a budget of $18,500 per year for committees of sixteen members or more. The Legislative Services Agency is to provide staff to the Board.

Medicaid Lien Provisions: This provision would reduce Medicaid recoveries on liens filed in third party liability cases in that a lien would be limited to that portion of the recovery that is designated for medical expenses, rather than the full amount expended by Medicaid. The amount of recovery likely to be lost is not known. In addition, according to OMPP, this provision would not be in compliance with federal statutes and regulations. As such, the Health Care Financing Administration (HCFA) could impose a disallowance or institute a noncompliance action, potentially resulting in the withholding of federal Medicaid reimbursement.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, Legislative Services Agency.

Local Agencies Affected:

Information Sources: Kathy Gifford, Office of Medicaid Policy and Planning, 233-4455.